SECRET

NSC BRIEFING 29 October 1958

CUBA

I. Intensified rebel action is part of effort to sabotage national elections scheduled for 3 November.

A. Rebels now able to prevent valid elections in Oriente province and to severely limit electoral activity in other areas.

1. One-third Cuba's population lives in Oriente, richest agricultural province where rebels control rural areas and periodically surround and attack fringes of Santiago, Cuba's second city.

2. Rebels also have guerrilla bands in Las Villas and Pinar del Rio provinces and skirmishes have been reported in all other provinces.

B. Last Saturday rebel leader Fidel Castro warned all Cubans to stay indoors on election day and announced all-out effort to paralyze transportation throughout island for one week beginning today.

1. Castro also is apparently planning an island-wide general strike, though major labor unions oppose him and refused to support his call for strike last April.

2. Rebel sympathizers in Havana may plan terroristic acts.

3. Rebel sympathizers in Mexico reported by our sources to be readying aircraft and pilots for action.

4. Castro threats against candidates who do not withdraw before election resulted in withdrawal of 2 senatorial candidates. Several local candidates have been killed.

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C. President Batista appears determined to go through with elections.

1. With civil rights suspended since last March, he cannot claim them to be free.

2. Polling places may have to be established in army garrisons in many places.

3. Government candidate Andres Rivero Aguero appears the certain victor against three "loyal opposition" presidential candidates.

D. Army officers may be considering coup only solution to two-year civil war, but no evidence such action imminent.

1. Lower ranks of 39,000-man Army have little heart for fighting and graft is extensive throughout the military.

2. Castro has said he will go on fighting until Batista and other "criminals" are brought to justice. In the event of coup he would demand participation in government.

E. Most Cubans probably oppose Batista but want peaceful solution and distrust Castro. Public revulsion against government counter-terrorism is high.

II. American interests are being increasingly harassed.

A. US government-owned nickel mine and processing plant at Nicaro, valued at 85 million dollars, closed down last Friday after evacuation by US Navy of about 50 employees and dependents.

1. Loss of administrative personnel and lack of supplies prevents operation, though some employees remain at plant.

2. Though Cuban Army seized control of area from rebels last Friday, US Consul in Santiago doubts armycan guarantee security as rebels remain nearby.

B. Texaco refinery near Santiago planned evacuation US personnel on 29 October and expects to close down if rebels continue to attempt extortion.

1. Rebels demand 500 thousand in cash or 300 thousand worth of arms from Texaco by 2 November. They threaten to sabotage refinery if demands not met.

2. Two American employees were held hostage by rebels from 20-22 October and blocks on road to Santiago have seriously curtailed refinery operations.

C. Sugar plantations and other US businesses have been subjected to varying degrees of harassment.

1. Total losses to all US companies through sabotage and theft in last two years estimated in excess of $2 million.

D. Losses and extortion not limited to US companies. Castro's demands on Cuban companies have also been excessive. Many are paying rebel-imposed tax of 15% on profits.

III. Rebel "26th of July" movement contains some Communists and leftists, but they are not dominant influence in the movement. Anti-Americanism of some leaders, however, leaves movement open Communist penetration.

A. Batista making major propaganda effort to identify rebels with Communists, but has failed to provide US with his alleged proof.

B. Rebels have refused public Communist offers of help, but some Communists have probably infiltrated lower rebel ranks and a few alleged Communist sympathizers have important positions in the group commanded by Fidel Castro's brother, Raul.

C. Cubans active in rebel movement in Mexico City include 3 known Communists and the new leader there is a Communist sympathizer, according to one of our sources.